5

UNION GOVERNMENT APPROPRIATION ACCOUNTS (1994-95)—POSTAL SERVICES

RC100706
LC
357.7231
I78-5

MINISTRY OF COMMUNICATIONS (DEPARTMENT OF POSTS)

PUBLIC ACCOUNTS COMMITTEE 1998-99

TWELFTH LOK SABHA

7231R

LOK SABHA SECRETARIAT
NEW DELHI

FIFTH REPORT

PUBLIC ACCOUNTS COMMITTEE (1998-99)

(TWELFTH LOK SABHA)

UNION GOVERNMENT APPROPRIATION ACCOUNTS (1994-95) — POSTAL SERVICES

MINISTRY OF COMMUNICATIONS (DEPARTMENT OF POSTS)

Action taken on 11th Report of Public Accounts Committee (11th Lok Sabha)

Presented to Lok Sabha on 23 FEB 1999

Laid in Rajya Sabha on 23 Dec. 1998

LOK SABHA SECRETARIAT
NEW DELHI

December, 1998/Pausa, 1920 (Saka)

PAC No. 1651

Price: Rs. 21.00

LC
351.723
N8.5

PARLIAMENT LIBRARY
Cen. Govt. Pub
Acc. No. 100706(1)
Date 22-1-99

© 1998 By Lok Sabha Secretariat

Published under Rule 382 of the Rules of Procedure and Conduct of Business in Lok Sabha (Ninth Edition) and Printed by the Manager, Photo Litho Unit, Govt. of India Press, Minto Road, New Delhi.

Corrigenda to the Fifth Report of Public Accounts Committee (12th Lok Sabha) on Union Government Appropriation Accounts (1994-95) - Postal Services

PAGE	PARA	LINE	FOR	READ
3	7	9	objection	objections
7	-	3	is	in
		18	o	of
		23	awary	awry
		12 (from bottom)	pensionery	pensionary
8		1,5 and 7	pensionery	pensionary
9		26 & 27	pensionery	pensionary
10		20	qauarters	quarters
15		13	curtain	certain
19		6 (from bottom)	ommissions	omissions
32		22	o	of

CONTENTS

		Page
Composition of the Public Accounts Committee (1998-99)		(iii)
Introduction		(v)
Chapter I	Report	1
Chapter II	Recommendations/Observations which have been accepted by Government	5
Chapter III	Recommendations/Observations which the Committee do not desire to pursue in the light of the replies received from Government	25
Chapter IV	Recommendations/Observations replies to which have not been accepted by the Committee and which require reiteration	26
Chapter V	Recommendations/Observations in respect of which Government have furnished interim replies	34
	Appendix	
	Conclusions and Recommendations	35
	Part II	
	Minutes of the Sittings of Public Accounts Committee held on 21.12.1998.....	37

COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE (1998-99)

Shri Manoranjan Bhakta — *Chairman*

MEMBERS

Lok Sabha

2. Shri Prithviraj D. Chavan
3. Shri Ram Tahal Chaudhary
4. Smt. Bhavna Chikhalia
5. Shri C. Gopal
6. Shri Vijay Kumar Khandelwal
7. Maj. Gen. B.C. Khanduri
8. Prof. Ajit Kumar Mehta
9. Shri Rupchand Pal
10. Shri M. Rajaiah
11. Shri Ch. Vidyasagar Rao
12. Dr. T. Subbarami Reddy
13. Shri Prabhat Kumar Samantaray
14. Shri K. Natwar Singh
15. Prof. Saifuddin Soz

Rajya Sabha

16. Shri Md. Salim
17. Shri K.R. Malkani
18. Shri Satishchandra Sitaram Pradhan
19. Shri J. Chitharanjan
20. Shri Jayant Kumar Malhoutra
21. Shri Vayalar Ravi
22. Shri K. Rahman Khan

SECRETARIAT

1. Dr. A.K. Pandey — *Additional Secretary*
2. Shri P.D.T. Achary — *Joint Secretary*
3. Shri Devender Singh — *Deputy Secretary*
4. Shri Rajeev Sharma — *Under Secretary*

INTRODUCTION

I, the Chairman, Public Accounts Committee having been authorised by the Committee to present the Report on their behalf, do present this Fifth Report on action taken by Government on the recommendations of the Public Accounts Committee contained in their 11th Report (11th Lok Sabha) on Union Government Appropriation Accounts (1994-95) — Postal Services.

2. This Report was considered and adopted by the Public Accounts Committee at their sitting held on 21 December, 1998. Minutes of the sitting form Part II of the Report.

3. For facility of reference and convenience, the recommendations of the Committee have been printed in thick type in the body of the Report and have also been reproduced in a consolidated form in Appendix to the Report.

4. The Committee place on record their appreciation of the assistance rendered to them in the matter by the Office of the Comptroller and Auditor General of India.

NEW DELHI;
22 *December*, 1998
1 *Pausa*, 1920 *(Saka)*

MANORANJAN BHAKTA,
Chairman,
Public Accounts Committee.

CHAPTER I

REPORT

This Report of the Committee deals with the action taken by the Government on the recommendations and observations of the Committee contained in their 11th Report (Eleventh Lok Sabha) on Union Government Appropriation Accounts (1994-95)—Postal Services.

2. The 11th Report which was presented to Lok Sabha on 22 April, 1997 contained eight recommendations/observations. Action Taken notes have been received in respect of all the recommendations/observations and these have been categorised as follows:

(i) Recommendations and observations that have been accepted by the Government;
Sl. Nos. 1, 2, 3, 5 & 6
(Paragraph Nos. 14, 15, 21, 35 & 38)

(ii) Recommendations and observations which the Committee do not desire to pursue in the light of the replies received from the Government;

-Nil-

(iii) Recommendations and observations replies to which have not been accepted by the Committee and which require reiteration;
Sl. Nos. 4, 7 & 8
(Paragraph Nos. 29, 40 & 44)

(iv) Recommendations/observations in respect of which Government have furnished Interim Replies;

-Nil-

3. The various observations/recommendations made by the Committee and the Action Taken Notes furnished by the Government thereon have been reproduced in the subsequent Chapters of this Report. In the succeeding paragraphs, the Committee have dealt with the action taken by the Government on some of the recommendations and observations contained in their 11th Report (Eleventh Lok Sabha).

Revision of Agency Charge
(Sl. No. 4—Paragraph 29)

4. In their earlier Report, the Committee had noted that the revenue deficit of the Department of Posts had steadily increased to Rs. 352 crores in 1994-95 as against the deficit of Rs. 207 crore in 1993-94 and Rs. 92 crore in 1992-93. The Committee were informed by the Department that

the increasing deficit was mainly attributable to lower tariff rates of certain postal services fixed long back and also inadequate remuneration paid for agency functions being performed by them on behalf of certain Ministries/ Departments of Government of India. Considering the fact that the Postal Department has a wider and infrastructural role to play in providing much needed postal facilities in rural areas, the Committee had, *inter-alia*, expressed the view that a time had come when Government formulated a definite policy on the question of budgetary support to Department of Posts (DoP) for the services being rendered by them in social sector and that DoP should not be denied their legitimate dues particularly in respect of the cost incurred in performing certain agency functions assigned to them. While taking note of the fact that annual Budget 1997-98 proposed hike in rates of certain postal articles, the Committee had observed that nothing concrete was done by Ministry of Finance to expeditiously revise the rate of remuneration payable to DoP for agency functions in pursuance of the recommendation made by an expert group constituted for the purpose. The Committee had accordingly, desired that the issue of refixing the level of remuneration for the agency functions might be expedited in order to enable Department of Posts in expansion of postal network particularly in rural areas, satisfying customer needs, improving quality of service, upgradation of technology, more efficient mail management, ameliorating the conditions of extra departmental employees, maintenance and renovation of dilapidated buildings, venturing into new areas of operations etc.

5. In their action taken reply, the Department of Posts *inter-alia*, stated that the matter relating to levy on sale of revenue stamps at the rate of 15 percent of the value of stamps as agency charges was taken up at the level of the then MOS(C) with respective Chief Ministers of States but the same did not find favour with the respective State Governments. According to DoP, the matter has since been taken up with the Secretary (Expenditure) presenting the following alternatives:—

(i) Either the State Governments should pay the commission failing which revenue stamps will not be sold from Post Offices or;

(ii) The Ministry of Finance can reimburse the Department for the expenditure involved in the sale of revenue stamps.

As regards the Central Recruitment Fee Stamps, DoP stated that the Department of Personnel have been requested to agree to the encashment of Commission for CRF stamp from 6 to 16 percent. In the case of agency functions relating to sale of passport application forms and the saving banks and saving schemes, the DoP have taken up the matter with the Ministry of External Affairs and the Ministry of Finance to revise the rates.

6. The Committee are concerned to note that nothing concrete has been done by the Government to revise the rates of remuneration being paid for

agency functions performed by DoP on behalf of certain Ministries/ Departments. Surprisingly, the action taken reply furnished by the DoP does not reveal whether their certain proposals for enhancement of remuneration for agency functions have been accepted or are acceptable to Government particularly Ministry of Finance and if not, what action the Department now propose to take to meet their cost of operation of agency functions. What has caused deep concern to the Committee is the fact that the various Ministries of Government of India are not taking the matter seriously and displaying dilatory attitude in responding to the proposals of DoP for enhancement of agency charges in keeping with rising cost of operations. The Committee, therefore, strongly feel that the DoP should take up the matter with Government in right earnest to ensure that the Ministries/Departments availing agency services expeditiously respond to the requirements of DoP in a positive manner. The Committee would like to be apprised of the concrete steps taken in this regard within three months from the presentation of this Report.

Outstanding audit objections
(Sl. No. 7—Paragraph 40)

7. In their earlier Report, the Committee had noted that 4565 audit objections involving an amount of Rs. 33.02 crore were pending settlement in DoP at the end of May 1995. Some of these outstanding audit objections related to period commencing from 1976-77 and could not be cleared even after a lapse of nearly 20 years. The Committee had also observed that an amount of Rs. 25.50 crore i.e. 77.2 per cent of the total sum of audit objections was pending settlement due to non-receipt of vouchers alone. While expressing their serious concern over the casual and dilatory attitude displayed by DoP in settling the audit objection raised from time to time, the Committee had recommended that urgent and effective steps under a time-bound programme should be taken to reduce the number of outstanding audit objections particularly those pending for over two years. The Committee had also desired DoP to introduce a system of obtaining a quarterly statement from their Circles showing progress made by them in disposal of pending audit observations and to ensure that these were not again accumulated in future.

8. In their action taken note, the Department of Posts stated that instructions had been issued to all Heads of Postal Circles for taking suitable steps in the matter. DoP further stated that a quarterly report on the progress made towards clearance of outstanding audit objections had also been introduced and the improvements made in this direction would be communicated in due course.

9. While taking note of the fact that DoP have issued instructions to all heads of Postal Circles to expeditiously reduce the number of outstanding audit objections, the Committee regret to find that the action taken reply furnished by the Department is completely silent about the pre-emptive steps taken or proposed to be taken by the Department to ensure that audit objections are not again accumulated in future. Moreover, in the absence of

any statistics on the number of audit objections actually settled as a result of measures taken by DoP, the Committee are apprehensive whether mere issuance of instructions would yield the desired results. The Committee, therefore strongly feel that besides obtaining a quarterly statement showing the extent of pendency of audit objections from each Postal Circle the DoP should also take concrete steps to avoid any accumulation on this count in future.

Replies to Audit Paragraphs
(Sl. No. 8—Paragraph 44)

10. Summing up their earlier Report, the Committee had noted that Department of Posts had failed to reply to the Audit in time in respect of four paragraphs included in relevant report of C&AG of India for the year ended 31 March, 1995. The Committee were informed during evidence that replies were delayed as DoP had to collect data from their field units. The Committee did not accept the plea in view of the fact that there were atleast three occasions prior to receipt of audit paras. The Committee were particular unhappy to note the silence maintained by DoP in regard to action taken against the officials found lacking in timely submission of replies to the Audit in those cases. The Committee had accordingly, desired to be apprised of the action taken or proposed to be taken against officials found responsible for lapses in that regard. The Committee had also recommended that DoP should streamline their existing procedure with a view to ensuring that prompt and timely replies were invariably furnished to the Audit within the prescribed time frame in all cases and Financial Adviser in DoP be held personally accountable for any similar lapse noticed in future.

11. In their action taken note, the Department of Posts have enumerated the reasons for delay in furnishing replies to the Audit in four cases included in the C&AG's report for the year ended 31 March, 1995. DOP also stated that the officials responsible for the same had been warned and cautioned to guard against the recurrence of such lapses in future. It has also been stated that instructions streamlining the procedure had been issued to all concerned and that periodic monitoring meetings were also held to ensure timely reply to audit.

12. While acknowledging the action taken by DoP to warn the officials concerned for delay in reply to the Audit in respect of the four cases included in the C&AG's report for the year ended 31 March 1995, the Committee are distressed to note that the action taken reply furnished by DoP is mysteriously silent about the action taken by them on the specific recommendation of the Committee to make the Financial Adviser in DoP personally accountable for any similar lapse in future. While deprecating the manner in which the Department have attempted to evade any accountability in the matter, the Committee strongly reiterate their earlier recommendation and desire that the Financial Adviser in DoP should invariably be held personally accountable for any lapse noticed in responding to draft audit paragraphs forwarded to the Department by the Audit.

CHAPTER II

RECOMMENDATIONS/OBSERVATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT

Recommendation

In their First Report (Eleventh Lok Sabha) the Committee had observed that DoP had incurred an overall excess expenditure of Rs. 35.66 crores under Revenue and Capital Sections of Grant No. 14 operated by them during 1994-95. The Committee's detailed scrutiny of the relevant Appropriation Accounts, however, revealed that the overall excess expenditure under this Grant would have been much more but for the savings of considerable magnitude registered by DoP under various sub-heads during 1994-95. In fact there were savings of over Rs. 37 crores in 12 sub-heads of Revenue Section and over Rs. 2 crores in one sub-head of Capital Section. Out of these, the savings under four sub-heads had, constituted 27 percent to 98 percent of the sanctioned provisions. Significantly, there were three sub-heads under Revenue Section where the supplementary funds obtained by DoP even at the fag end of the year in March, 1995 had remained wholly unutilised. In another three sub-heads, supplementary funds obtained in March, 1995 could not be expended fully resulting in savings ranging from 43 percent to 94 percent of the supplementary grants obtained therefor. Distressingly, several instances of large scale variations between sanctioned provisions and actual expenditure incurred by DoP there against under various sub-heads had also occurred during the previous year i.e. 1993-94. In the opinion of the Committee these recurring instances of substantial variations under several heads of accounts are clearly indicative of deficient budgetary exercise and poor accounting information system prevalent in DoP. While expressing their unhappiness over this poor state of affairs, the Committee, recommend that DoP should revamp their existing budgetary and accounting information system so as to put them on proper footing. They also desire that appropriate action should be taken in future in all those cases where responsibility for framing budget estimates accurately or controlling the expenditure has not been discharged properly.

[Sl. No. PAC. No. 1608 Appendix Para 9 to 14 of the Report of 11th Lok Sabha].

Action Taken

Budget estimation is made after proper assessment keeping, all the probable requirements of the Department during the year. The Budget projection for the year 1994-95 was as under:

(In Crores of Rs.)

	Revenue	Capital
(1) R.E. (Estimated)	2159.13	111.86
(2) R.E. (Approved by MoF)	2096.11	74.88
(3) Short Allotment (1-2)	63.02	36.98
(4) Actual Expenditure	2129.70	76.96
(5) Saving (Charged)	(-).01	0.00
(6) Net Excess expenditure over R.E. approved	33.58	2.08

From the above it is clear that despite all efforts to control expenditure, the excess was mainly due to allocation of less funds under the Revenue and Capital Heads by Ministry of Finance. This compelled the Department to submit Supplementary Grant proposals to cover the gap between RE estimated and that approved by Ministry of Finance and consequently the Department had to curtail and reflect requirements to match with the ceilings imposed by Ministry of Finance.

2. For future the following steps have, however, been taken for preparation of accurate budget estimates and effective control over expenditure.

(i) Instructions have been issued to the Heads of Circles and IFAs to ensure better control over expenditure and for proper assessment of funds while preparing budget estimates. These have been reiterated emphasising the need for fixing responsibility for wrong Budget estimation and excess expenditure.

(ii) Budget and accounting work in the Postal Directorate and the circles is being computerised. This will help to streamline the work and ensure timeliness accuracy and constant close monitoring to avoid excess expenditure and large savings.

(iii) Instructions have also been issued to all IFAs of circles to submit a quarterly report to Postal Directorate. Through this report also progress of expenditure of circles is watched and monitored for mid-course corrections if any. This report helps in preparation of Budget estimates also.

(iv) A monthly important events report is submitted by heads of circles to Secretary (P). It is proposed to include working and capital expenses position *vis-a-vis* Budget provision in this report is an effort to exercise better budgetary control.

[Ministry of Communications: Department of Posts OM No. 13-2/96 BGT(PA)/dated 17th July, 1997.]

Recommendation

The Committee are particularly concerned to note the failure of Department of Posts in containing cases of excesses or savings even under the sub-head relating to Pensions. While Department of Posts incurred an excess expenditure of Rs. 1.66 crores and Rs. 2.40 crores under the sub-heads "Superannuation and Retirement Allowances" and "Family Pension" respectively in 1994-95, there were savings to the extent of Rs. 2.94 crores and Rs. 2.62 crores under sub-heads "Commuted Value of Pensions" and "Gratuities" during that year. In the opinion of the Committee, this state of affairs present a very dismal picture of the manner in which Department of Posts prepared their expenditure estimates for the pension payments for which precise requirement o funds could always be accurately worked out by maintaining proper data on retired and retiring officials. At this stage, the Committee can only hope that concerted efforts would now be made by Department of Posts to collect and co-relate the requisite data on scientific lines so that their expenditure estimates on this account do not go awary as had happened in 1994-95.

The Committee also feel that the trends of savings in sub-heads like "Training" and "Mechanisation and Modernisation Schemes" not only reveal inadequate planning and poor performance but also adversely affect the customer service and postal system in the country. The Committee trust that Department of Posts would at least now gear up their machinery with a view to efficiently utilising the funds sanctioned by Parliament for specified services.

[Sl. No. 1608 Appendix: 4 para 15 of 11th Report of Public Accounts Committee (11th Lok Sabha)]

Action Taken

Budget estimation under pensionery sub-heads is made by the Heads of the Circles on the basis of number of retired and retiring pensioners and information furnished to the Directorate. Further the estimates of the Department as a whole are scrutinised in the Directorate and funds allocated by Ministry of Finance are distributed among the sub-major Heads. The probable expenditure is always kept in mind at the time of budgetary allocation.

The re-appropriation Account is prepared in the month of February taking into consideration expenditure booked upto the month of January. At the time of closing of accounts for the year, some correction was made which ultimately affected the 4 sub-heads. (In 2 sub-heads there were excess and in 2 sub-heads there were savings).

When all the pensionery charges taken together, actual allotment of Rs. 254 crores & actual expenditure of Rs. 253.4 crores, there is small variation of 0.2%.

All heads of Circle have been addressed to maintain data on retired and retiring officials for calculation of Pensionery Charges accurately (*Vide* copy enclosed).

A watch on the flow of expenditure on Pensionery Charges would also be made through IFAs Quarterly report submitted to Directorate by the Circle Accounts Office.

Computerisation of Budget Branch of the Directorate and Circles are in hand and will yield the desired result on completion. Marked Savings of fund in a sub-head will be avoided as suggested by the Committee.

[U.O. No. 7-2/96/BGT(PA)]

डाक विभाग
संचार मंत्रालय, डाक भवन, संसद मार्ग,
नई दिल्ली-110 001

Department of Posts
Ministry of Communications
Dak Bhavan, Sansad Marg,
New Delhi-110 001

K.S. MENON
Joint Secretary and Financial Adviser

D.O. No. 7-2/96 BGT(PA)/1096 to 1117

Dated: 20-5-97

Dear Shri.....

This is regarding preparation of estimates for Pension payments under Major Head 3201—Working Expenses.

During the year 1994-95 excess expenditure of Rs. 1.66 crores and Rs. 2.40 crores were incurred over allotment under sub-heads "Superannuation and Retirement Allowances" and "Family Pension" respectively. Further, there were savings to the extent of Rs. 2.94 crores and Rs. 1.62 crores under sub-heads "Commuted value of Pension" and "Gratuities" respectively.

Details for estimation and control over expenditure have been laid down under P&T Manual Vol. II. Under the proviso of the rules estimates for the Department is worked out on the basis of datas and report furnished by the Circles and funds are accordingly allocated.

The P.A.C. (11th Lok Sabha) in their 11th report has adversely commented upon the savings as well as excess expenditure under pensionery sub-heads. The Committee has recommended that requirements of funds could always be accurately worked out by maintaining proper data on retired and retiring officers. This aspect may be kept in mind while estimating the fund requirements and all efforts made to ensure that the estimations are accurate.

Based on the above estimation for the year RE 1997-98 and BE 1998-99 may be got personally checked before submission to the Budget Branch of the Directorate.

Yours sincerely

Sd-
(K.S. MENON)

All Chief Postmasters General by name.
All Directors, Postal Training Centres.
Director, Postal Staff College, Ghaziabad.

Recommendation

21. The Committee's examination of the pattern of flow of expenditure of DoP in each quarter of the financial year 1994-95 revealed that the percentage of expenditure incurred by the Department in the last quarter of the year was highest both in the Plan and Non-plan segments of Revenue and Capital Sections of the Grant. The Committee have been informed during evidence that it was not the usual feature and that there could be rush of expenditure due to certain liabilities arising out of delay in presentation of bills by Airlines etc. DoP also stated that bulk payments on Plan side were made after the completion of the projects which had taken shape at the fag end of the year. The Committee do appreciate these practical difficulties experienced by DoP in this regard particularly when enhanced funds in Plan segment were made available to them only in February 1995. They are however, unable to comprehend how the expenditure incurred in the months of July and October 1994 in Non-plan segment for making payments of instalments of DA and bonus actually accounted for the increase in the quarter ending March 1995 as stated by DoP. Evidently, there was complete absence of a proper system of timely accounting of expenditure in DoP which resulted in booking of heavy expenditure in the last quarter of the year even for the items which pertained to earlier qauarters. The Committee, therefore desire that efforts should be made to reduce the time lag between the incurring of expenditure and its accounting with a view to avoiding booking of heavy expenditure in the closing months of the year in contravention of prescribed financial rules. Steps should also be taken to identify the areas where schedules could be laid down for timely receipt of bills payment and accounting thereof in the particular month in which such expenditure was incurred.

[Sl. No. PAC No. 1608 Para No. 21 of Report of PAC (11th Lok Sabha)]

Action Taken

Normally the transactions taking place in the month are incorporated in the accounts in the same month. In few cases the transactions, where the accounts are received late due to delay in transit or unavoidable reasons, are booked in the next month.

The time schedule for submission of account returns by the authorities entrusted with maintenance of annual accounts, has already been prescribed. Necessary instructions are also issued from time to time for observance of due dates. However, instructions have again been issued for taking suitable steps for adherence of the due date. Copy of the Circular letter is attached hereto.

With regard to payment of DA, the orders for the payment of the same are generally received in the month of April (for the period covering January to March of the year) and October (for the raise in DA from July onwards). The payments are arranged in the same month and accounted for duly. In stray cases for want of information the amount would be booked initially to suspense and cleared in the later month, say March/March (F) etc. The suspense clearance is also to be done promptly without delaying the process up to March ending. Units are accordingly advised. Regarding Bonus, the payments are generally made during Oct./Nov. of each year. In this case also we may come across cases of delayed suspense clearance. Necessary steps on the above lines have been initiated to restrict incidence of such cases.

[Ministry of Communications/Deptt. of Posts O.M. No. PA/Book-I/AT/17-1/AT/96-97, dated 11.6.97]

No. PA/Book-I/AA/17-1/AT/96-97
GOVERNMENT OF INDIA
MINISTRY OF COMMUNICATIONS
DEPARTMENT OF POSTS
POSTAL ACCOUNTS WING
DAK BHAWAN: SANSAD MARG
NEW DELHI-110 001

Dated: 11-6-97

To
All Heads of Postal Circles.

SUBJECT: *Submission of Account returns by field units.*

The time schedule for submission of Accounts and other returns by the accounts rendering units, has been prescribed in Financial Hand Book Vol. II. It has, however, been noticed that the due dates are not observed by several field units, resulting in non-incorporation of the transactions taking place in a month in the accounts of the Deptt. in the same month. None/belated submission of account returns not only affects the accounting rhythm of the Postal Accounts Offices but also makes it difficult to assess the factual financial position of the circle as well as the Deptt. at the close of a particular month. The delay in accounting of the expenditure has been adversely commented upon by the Public Accounts Committee (11th Lok Sabha).

It is, therefore, requested that suitable action may please be taken to ensure submission of returns to Postal Accounts Offices in time. The defaulting units must be taken to task and should be severely dealt with.

It is further observed by the Public Accounts Committee that the rush of expenditure in the last quarter of the year may be strictly avoided. Necessary bills from outside agencies like airlines, DAVP, Government Printing Press etc. may be obtained in time and cleared.

Cases of delayed clearance of payments made against DA/Bonus initially taken to suspense have also been adversely commented upon. Units are strictly advised to clear such suspense items in the following month by obtaining details immediately from Post Offices. These actions go a long way in reducing the rush of expenditure during the last quarter of the year.

Action Taken in this regard may please be communicated to the undersigned within a fortnight.

Joint Secretary & Financial Advisor

Copy to All Directors/Dy. Directors of Postal Accounts Offices for information and necessary action. Efforts may be made to obtain all wanting accounts and other returns from the field units, and account for transactions in time.

Joint Secretary & Financial Advisor

Recommendation

35. The Committee are disturbed to find that as many as 2735 cases of defalcations of loss of public money due to various frauds, etc. came to notice in DoP during 1994-95. Of these, the departmental employees alone were found responsible in 1670 cases involving Rs. 3.10 crores which represented 78.28 per cent of the total loss reported during that year. What has caused further concern to the Committee is the fact that DoP could not recover Rs. 1.91 crores from their own departmental employees which constituted 61.6 per cent of the loss caused by them. Since services of postal department are generally availed of by the larger segment of society in the rural areas particularly for the purposes of money orders and savings bank accounts, the Committee view involvement of departmental employees in perpetrating frauds on the public money as a serious matter warranting immediate attention and remedial measures. In the opinion of the Committee, DoP should not content themselves merely with instituting inquiries against the officials concerned but should also make concerted efforts to plug the loop holes in the system failures which help in commissioning of such frauds. The Committee are not inclined to accept the plea made by DoP about shortage of full-time inquiry officers in their Department and they consider it imperative that all cases of loss of public money sustained by Government through defalcation or negligence should not only be promptly taken up for investigation but departmental proceedings also instituted and completed expeditiously. The Committee are in no doubt that prompt and conclusive action in such matters will not only act as deterrent but also facilitate recovery of pecuniary loss caused to public exchequer. The Committee trust that DoP will now make every endeavour to eliminate incidence of loss of public money by devising adequate ways and means to deal with promptly and severely against the officials found guilty of such acts.

[Sl. No. 1608 Appendix-IV Para 35 of 11th Report of PAC (11th Lok Sabha)]

Action Taken

The Department of Posts has over 1,53,000 Post Offices spread all over the country manned by departmental and extra-departmental workers. These Offices conduct multifarious businesses, at times, with heavy

financial implications. One of the special characterstics of transactions in the Post Offices is that they involve direct exchange of cash rather than cheques, drafts, hundis, etc. The frequent handling of cash in various amounts over such a large spectrum increases the likelihood of malpractices often resulting into misappropriations and embezzlements. The Department is aware of such weaknesses and has got a well-laid procedure of checks and balances as also investigation to prevent the malpractices. Officers at various levels, from Inspector to Directors (depending on the amounts involved in the cases), are entrusted with the job of handling the loss and fraud cases and conducting investigations. All cases involving Rs. 50,000/- and above are required to be reported to the Postal Services Board and in such cases, investigations are required to be conducted at the level of Directors and above.

2. Taking note of the fact of increase in the number of loss and fraud cases, the Department has taken a number of steps to streamline the procedures and to deal with such malpractices with a firm hand. Instructions have been issued to all concerned to carry out the prescribed checks meticulously. Detailed monitoring of such cases is carefully done at various levels and suitable directions for speedy and effective action are issued to the concerned formations. Besides initiating departmental proceedings, suspension or put off duty of the concerned officials and effecting recoveries of the loss, cases are reported to police/CBI for enquiries and prosecution as called for. The reports received from the field units are carefully perused with a view to taking suitable measures to reduce the incidences of malpractices. Quarterly reports which are received from the Circles are personally reviewed by DG and necessary instructions issued about the action to be taken. Whenever a case having some novel *modus operandi* comes to light, it is brought to the notice of all the Circles and field offices to avert the chances of its recurrence elsewhere.

3. Last year, we introduced a 10-point programme, *inter-alia*, envisaging:—

(i) The review of all cases of frauds and losses above Rs. 10,000/- by Postmasters General/Chief Postmasters General.

(ii) The transfer of all officials working in SB, dealing with cash transactions, etc, who had completed their tenure; and

(iii) Finalising of inter-Circle investigations and settlement of claims of depositors.

4. Pursuant to the Action Plan, timely action is now being taken and officials responsible for loss of public money are being expeditiously dealt with. However the field units have been further asked to draw an action plan for completing all investigation pending into loss/fraud cases as well as to finalise the disciplinary cases within a fixed time-frame. The progress in this regard would be watched at Directorate level through monthly reports to be received from the Circles.

5. The machinery dealing with vigilance and investigation matters has been strengthened not only at the Headquarters but also in the field. Action has been taken to provide a Group 'A' officer in all the Circles to take care of vigilance and investigation matters. With greater attention to be paid to such activities in the field, a reduction in cases of frauds, thefts and leakages is expected.

6. All cases of losses exceeding Rs. 5,000/- are immediately reported to the police with whom a close liaison is maintained. Cases involving larger amounts and having serious implications are entrusted to the CBI. It is ensured that the necessary follow-up action is taken through departmental and police investigations and prosecution cases are properly pursued in the Court and disciplinary action taken departmentally for all lapses of procedural or substantive nature. Suitable punishment is awarded in all deserving cases to deter other officials who may be tempted to indulge in such activities.

7. Action is being taken to reinvigorate the inspection machinery of the Department. Greater attention is being paid to periodical reports/returns received from the field units and carrying out timely visits and inspections to check any untoward happenings.

8.(i) A constant watch is kept over the functioning of the field units to guard against losses, frauds, pilferages and leakages and action is taken at all levels to prevent such activities. Besides issuing suitable instructions, the extent instructions are also reiterated from time to time for the guidance of the officials. The actions have already started showing encouraging results as in almost all the Circles, the targets were achieved with reference to the 10-point Action Plan. This is expected to have a salutary effect on losses, thefts etc.

8(ii) Besides, an analysis of loss/fraud cases, amount of loss caused to the Department and amount recovered, carried out with regard to total cash handled during last four years, (Annexure-I) clearly leads to show that even if the number of cases as well as amounts of loss show an increasing trend, yet the % of the loss as compared to total amount of cash handled indicates a downwards trend except during the year 1995-96 where it has slightly increased.

9. A perusal of the figures in Annexure-II & III (not appended) with break-up of loss/fraud cases under various categories, shows that during 1994-95, out of total 2735 cases involving an amount of Rs. 395.39 lakhs, 301 cases involving Rs. 45.09 lakhs were caused by persons unconnected with the Department while in 1995-96, out of total 2692 cases involving Rs. 426.57 lakhs, the number of cases caused by the persons unconnected with the Department has increased to 324 as well as the amount involved in such cases has also gone up abruptly to the mark of 112.08 lakhs. This remarkable difference of about 67 lakhs has solely contributed to abnormal rise in the amount of loss involved during 1995-96 as compared to 1994-95.

10. As regards decrease in the amount of recovery during 1995-96 in comparison to that in 1994-95, it may be mentioned that hike in the amount of loss involved in the cases caused by the persons unconnected with the Department has greatly contributed to this situation. Since these cases mainly involve incidences of theft, burglary, robbery and dacoity etc. The Department has no mechanism to effect recovery of the loss from the outsiders and it is entirely dependent on Law enforcing agencies like police, courts etc. Even though the cases are pursued at departmental level, in most of the cases, it is seen that police could not trace out the miscreants, thereby hardly leaving any chances of the recovery of loss.

11. So far as, recovery of losses from departmental employees is concerned, it is to be pointed out that while enforcing recovery of loss from an official, as a measure of statutory penalty, there are cartain limitations which the disciplinary authority has to follow. Under C.C.S. (CCA). Rules, framed by the Central Government, it is provided that only one third of the basic pay of an official spread over period of three years can be recovered from an employee as a statutory penalty, however large be the amount of loss caused by him. This binding is also partly responsible for low trend of recovery. Apart from this, action for recovery under PAD Act is also a time taking process depending upon district Administration which rarely yields any fruitful result due to one cause or the other.

12. To reiterate the extent instructions and to bring the recommendations of Public Accounts Committee to the notice of all Heads of Circles, fresh instructions have further been issued in this regard.

[Deptt. of Posts/Ministry of Communications Memo. No. 16-2/97-INV
Dated: 07 October, 1997]

ANNEXURE-I

Figures of Loss/Fraud cases showing amount involved and amount recovered during 1992-93 to 1995-96.

(Amount Rs. in lakhs)

	Subject	1992-93	1993-94	1994-95.	1995-96
1.	Total cash handled	27,38,572.40	35,44,163.04	43,86,015.99	44,66,028.68
2.	Amount of loss.	306.19	331.16	395.39	426.56
3.	% of amount of loss to total cash handled.	0.0111%	0.0093%	0.0090%	0.0095%
4.	No. of cases	2529	2689	2735	2692
5.	Amount recovered.	90.09	89.70	127.08	86.94

Recommendations

(B) Loss of stores

36. The Appropriation Accounts also revealed that loss of stores in DoP during the three years ending 1994-95 was as under:—

Year	No. of cases of loss of stores	Amount (Rs. in lakhs)
1992-93	31	12.64
1993-94	116	8.41
1994-95	52	60.00

37. An analysis of these losses as given in the Appropriation Accounts also disclosed that the amount of loss due to theft had increased in 1994-95 in comparison to the preceding year 1993-94 as indicated below:—

Year	Amount of losses due to theft (Rs. in lakhs)
1993-94	4.62
1994-95	29.98

38. The Committee also feel distressed to find a steep increase in the quantum of amount involved in loss of stores which stood at Rs. 60.00 lakhs in 1994-95 in comparison to the preceding years 1992-93 and 1993-94 when such loss was only Rs. 12.64 lakhs and Rs. 8.41 lakhs respectively. The Committee's examination also revealed that the amount of loss of stores due to theft had also increased to Rs. 29.98 lakhs in 1994-95 from Rs. 4.62 lakhs in 1993-94. Obviously, the situation is going from bad to worse and it is high time that DoP took effective steps to prevent recurrence of such incidences. The Committee, therefore, desire DoP to carry out a detailed analysis of all cases of loss of stores in 1994-95 with a view to devising suitable procedures to overcome such losses. The Committee would also like to emphasise that all efforts should be made to recover the amount lost, particularly in those cases where the laxity of supervision is proved.

[S.No. 1608 Appendix-IV, Para 36 to 38 of 11th report of PAC (11th Lok Sabha)]

Action taken

The Department shares the concern of the Hon'ble Members of the Committee regarding increase in losses and thefts and is making more

concerted efforts to remedy the situation. While a number of steps have already been taken in this direction, further action is being initiated for more effective control over the losses.

2. The Department of Posts has a vast network with about 1,53,000 post offices spread all over the country, manned by departmental and extra-departmental employees. The offices handle a variety of business from transmission of letters/parcels/money orders to insurance, savings and investment in certificates, etc. involving heavy financial implications, mostly in hard cash. Further, frequent handlings of valuable articles of stores increase the likelihood of mal-practices and thefts. Inadequate security arrangements in the stores, *inter alia,* facilitate thefts, losses, etc.

3. The Department is aware of the weaknesses and has prescribed a well laid procedure of checks at various levels as the Storekeepers, Dy. Manager, Manager and Suptd. etc. depending upon the value of stores involved. The cases are investigated by officers of various rank from Inspectors to Directors. All cases of above Rs. 50,000.00 are required to be reported to the Postal Services Board and in such cases investigations are conducted at the level of Directors and above.

4. To ensure the prosecution of the miscreants, besides departmental proceedings, all cases involving loss of Rs. 5,000.00 and above are reported to Police. Important cases are also reported to CBI for conducting investigations and prosecution as called for. Close liaison is maintained with Police/CBI to ensure action against the miscreants. Suitable punishments ranging from recovery of loss from pay to removal/dismissal from service is awarded to the delinquent officials indulging in mal-practices. Action is also taken to recover the amount of loss under PAD Act through the intervention of revenue authorities wherever necessary.

5. In view of the increase in the number of theft/loss cases and the amount involved in such cases, the Department has recently taken a number of steps to streamline the procedure to deal with such cases more effectively:

(i) Monitoring of such cases is done at various levels and suitable instructions for effective and speedy action are issued to all concerned;

(ii) Reports received from the field units are examined and suitable measures to reduce the chances of mal-practices are taken;

(iii) Whenever a case having some novel *modus operandi* comes to light, it is brought to the notice of all Circles to avert the chances of its recurrence elsewhere;

(iv) A 10-Point Programme has been introduced, envisaging, *inter alia:*

(a) The review of all cases of frauds and losses above Rs. 10,000.00 by the CPMG/PMG.

(b) Transfer of all officials dealing with cash/valuables after completion of prescribed period of tenure.

(c) Finalisation of inter-circle investigation expeditiously.

6. The machinery dealing with vigilance and investigation matters has been strengthened not only at the Headquarters but also in the field units. Action has been taken to provide a Group 'A' officer in all the Circles to take care of vigilance and investigation matters. With greater attention to such activities in the field, loss/theft cases are expected to be reduced.

7. Action is presently underway to reinvigorate the vigilance and investigation machinery of the Department. Greater attention is being paid to the scrutiny of periodical returns/reports received from the field units, and carrying out of timely visits and inspections to check any untoward incidents. Stress has been laid on maintenance of proper accounting of all stores through various lists/inventories maintained for the purpose. Suitable arrangement is also made to ensure that the balances of stores is not held in excess of the prescribed maximum limit. Besides the half yearly/yearly inspection of stores, physical verification of stores is also carried out by an independent, responsible officer at least once in a year.

8. A constant watch is kept over the functioning of field units to guard against thefts/losses and leakages. Greater stress is being laid on preventive measures and extant instructions are reiterated from time to time for the guidance of operative and supervisory staff.

9. The above measures have yielded desirable results as in the year 1995-96 the amount of loss of stores due to theft has shown a sharp decline from Rs. 29.98 lakhs to Rs. 2.56 lakhs as compared to 1994-95 as per figures shown in Annexure II.

10. Besides, the department has also issued further instructions to prevent the losses effectively and to recover the amount of loss, especially in cases where responsibility for acts of ommissions and commissions can be fixed on the officials. A copy of the instructions issued is enclosed. With the renewed efforts it is expected that such loss in future would be still less.

[D/O Posts (M/O Communications Memo No. 16-3/97-INV) dated 08 Oct, 97]

ANNEXURE II

Statement showing loss of stores during 1995-96

(Referred to in paragraph 10 at page 44)

(Amount in rupees)

Sl. No.	Persons responsible for the loss	Losses due to theft		Amount Recovered if any	Losses due to accident, Fire, Floods etc.		Losses for which reasons are not known		Total		Total Amount Recovered if any
		Number	Amount		Number	Amount	Number	Amount	Number	Amount	
1	2	3	4	5	6	7	8	9	10	11	12
1.	Persons unconnected with the department:										
	(a) Loss from stock	14	130309	485					14	130309	485
	(b) Loss in transit	1	10000						1	10000	..
2.	Departmental Employees:										
	(i) Contributory negligence										
	(a) Loss from stock	5	89468	2430	1	21449		11225	6	122142	2430

	(b) Loss in transit	1	1579	790				1	1579	790
	(ii) Directly Responsible:									
	(a) Loss from stock	2	844	1819			3	37975	5	38819	1819
	(b) Loss in transit	..	..	286			14	286	14	286	286
3.	Responsibility could not be fixed									
	(a) Loss from stock	4	23971		1	961905	16	6823621	21	7809497	..
	(b) Loss in transit	..	..	..	..	..	..	..	..	..	..
Total	1995-96	27	256171	5810	2	983354	33	6873107	62	8112632	5810
Total	1994-95	27	2998372	2641520	..	..	25	3002821	52	6001193	261520

IMMEDIATE

भारतीय डाक विभाग
(संचार मंत्रालय)
डाक भवन, संसद मार्ग,
नई दिल्ली-110001

V.S. SAKSENA
Sr. D.D.G. (Vigilance)

Department of Posts, India
(Ministry of Communications)
Dak Bhawan, Sansad Marg,
New Delhi-110 001

No.
D.O. No: 16-3/97-INV

Dated 06-10-1997

Dear Shri

Kindly refer to my D.O. letter of even number dated 14-7-1997 regarding report of Public Accounts Committee relating to loss of stores and increase in the number of thefts and your replies thereto.

2. The Director General of Audit, P&T, has, in this context, made following observations on the Action Taken Note sent to them for audit vetting:

> "Despite extant instructions, the cases of losses of stores are still persisting and that too involving higher amounts. The amount of losses of stores is increasing steeply *i.e.* during 1993-94, the amount of losses was Rs. 8.41 lakh as compared to Rs. 60.00 lakh and Rs. 81.13 lakh during 1994-95 and 1995-96 respectively. Moreover, the department has yet to devise a strategy to minimise the cases of losses of stores and to recover the amount lost."

3. There are detailed instructions contained in the Post Office Manual Vol. II and General Financial Rules regarding procurement, safe custody, issue & accounting of stores. Besides, instructions are also issued from time to time in this regard. The following important instructions need to be kept in view, especially in the wake of PAC report referred to above:

(i) All losses, including those of stores and property, noticed as a result of physical verification should be reported to the Government through the next higher authority as well as to Audit & Accounts Office concerned even if the loss has been made good by the party responsible for causing the same.

(ii) Detailed investigations should follow in respect of all cases of loss of stores through theft, fraud, fire, flood, accident or any other cause. The investigation should bring out the causes and circumstances which led to the defalcation or loss, the steps taken to prevent its recurrence, the disciplinary or any other action against the persons responsible and the proposal for write off of losses.

(iii) All cases involving material losses exceeding Rs. 10,000.00 should be reported to police without undue loss of time and all concerned should assist the police and ensure penal action through courts against the persons responsible for loss.

(iv) The question of enforcing pecuniary liability shall always be considered besides disciplinary action/prosecution as all Government servants should realise fully that they will be held personally responsible for any loss sustained by the Government through fraud or negligence whether direct or contributory in nature, causing the loss.

(v) Prompt investigation is essential to ensure timely disciplinary action, prosecution and recovery of loss to obviate chances of failure to act in time which results in the loss of evidence. Recovery of loss should be effected through all possible channels including persuasion of the concerned official as well as action through Revenue Authorities under PAD Act.

(vi) All stores received should be examined on receipt, counted, measured or weighed, as the case may be, to ensure that quantities are correct, their quality is good and they are according to approved specifications and a certificate should be accorded by the officer-in-charge. All invoices showing receipt of stores should be kept on record. Similarly, all issues should be recorded in the stock register and an acknowledgement obtained and kept on record. Transfer of charge should also be properly made over and proper receipt taken from the successor.

(vii) The officer-in-charge of stores should take special care for arranging safe custody of stores for providing suitable accommodation, more particularly for valuable and combustible stores, for keeping them in good and efficient condition and for protecting them from loss, damage or deterioration.

(viii) Proper accounts of stores should be maintained and periodic returns sent to higher authorities, on time, including the losses, if any, noticed after checking the balances.

(ix) A physical verification of all stores should be made at least once in every year by a senior official outside store administration. A certificate of verification should be recorded. It should be ensured that verification is carried out in the presence of official(s) responsible for safe custody of stores, all discrepancies brought to book immediately and shortages/damages as well as unserviceable stores reported to competent authority.

(x) Periodic inspections, including surprise verifications, should also be carried out to ensure that only the adequate balance is kept. Proper prior sanction should be issued for declaring stores as obsolete, surplus or unserviceable or for writing off of losses.

(xi) Since most of the Post Offices are located in areas where adequate security may not be available, it should be ensured that the minimum stores are kept there for which limits may be fixed locally. The main store Depots should be in Departmental buildings where proper accommodation and security can be provided. Access to stores areas should be restricted on need-basis. Proper fire protection facilities should be provided, especially for keeping combustible material. In flood prone areas, stores which are likely to be damaged should be kept on proper places on higher floors.

4. It may also please be ensured that a copy of statement of cases of loss of stores, etc. sent for inclusion in appropriation accounts of the Department to PA Wing should be endorsed to Investigation Section of the Directorate as well as Investigation Section of Circle Office. The later will submit a report to Dte. indicating, *inter alia*, causes or circumstances leading to loss and remedial & penal action taken. Based on this, Investigation Section will monitor and analyse, on on-going basis, the trends for taking preventive measures in other places to avoid recurrence of such cases.

5. I hope, based on the above salient features of proper store keeping, you would be able to ensure that losses are minimized and wherever losses take place, immediate action to recover the loss is taken and deterrent punishment is awarded promptly.

With regards

Yours sincerely,

[V.S. SAKSENA]

Shri All
Chief Postmasters General,

CHAPTER III

RECOMMENDATIONS/OBSERVATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN THE LIGHT OF THE REPLIES RECEIVED FROM GOVERNMENT

—NIL—

CHAPTER IV

RECOMMENDATIONS/OBSERVATIONS REPLIES TO WHICH HAVE NOT BEEN ACCEPTED BY THE COMMITTEE AND WHICH REQUIRE REITERATION

Recommendation

The Committee's examination of the operating results of DoP revealed that the revenue deficit of the Department had steadily increased to Rs. 352 crores in 1994-95 as against the deficit of Rs. 207 crores in 1993-94 and Rs. 92 crores in 1992-93. According to DoP, their increasing deficit was mainly attributable to lower tariff rates of certain postal services fixed long back and also inadequate remuneration paid for agency functions being performed by them on behalf of certain Ministries/Departments of Government of India.

Considering the fact that the Postal Department has a wider and infrastructural role to play in providing much needed postal facilities in rural areas, the Committee are of firm view that a time has come when Government formulated a definite policy on the question of budgetary support to DoP for the services being rendered by them in the social sector. The Committee are also of the view that DoP should not be denied their legitimate dues particularly in respect of the cost incurred in performing certain agency functions assigned to them. Considering the fact that revised rates for some such agency functions have since been calculated by Department of Posts/Committee set up by the Ministry of Finance, the Committee believe that DoP would now effectively take up the matter of revision of agency charges with the Departments concerned so as to meet their cost of operation of agency functions. The Committee trust that Government would venture that the Ministries/Departments availing agency services respond to the requirements of DoP in a positive manner.

In this context, the Committee regret to observe that while the annual Budget 1997-98 proposed hike in rates for certain postal articles, nothing concrete was done by Ministry of Finance to expeditiously revise the rate of remuneration payable to DoP for agency functions in pursuance of the recommendation made by an Expert Group constituted for the purpose. The Committee desire that the issue of re-fixing the level of remuneration for the agency function may be expedited in order to enable DoP for

expansion of postal network particularly in rural areas, satisfying customer needs, improving quality of service upgradation of technology, more efficient mail management, ameliorating the conditions of extra departmental employees, maintenance and renovation of dilapidated buildings, venturing into new areas of operations etc.

[Para 29 of the 11th Report of PAC (11th Lok Sabha)]

Action Taken

Agency functions handled by PO branch requiring revision of commission and the position obtaining for each is given below.

Revenue Stamp

Commission for sale of revenue stamps was sought to be levied from State Governments at the rate of 15% of the value of stamps sold at the level of then MOS(C). The matter was taken up with respective Chief Ministers of States which did not find favour with the respective Governments. The matter has been taken up with Secretary (Expenditure) presenting the following alternatives:—

(i) either the State Governments should pay the commission failing which Revenue Stamps will not be sold from Post Offices; or

(ii) the Ministry of Finance can reimburse the Department for the expenditure involved in the sale of revenue stamps.

Coal Miners Pension & Employees Provident Fund

The Ministries of Energy and Labour respectively are agreeable to revised rates of commission with the factor of 10% annual escalation. Some arrears have accrued which have to be cleared by these Ministries. This is being persued.

Central Recruitment Fee Stamps

The Department of Personnel have been requested to agree to the enhancement of commission for C.R.F. Stamps from 6% to 16%.

Telegraph Booking

Revised rate of Rs. 13.40 per transaction as commission for booking telegrams was sought to be charged from the Department of Telecommunication at which the Inter Departmental Committee formed to look into this issue was revived. Orders for recovering commission as per revised rates have been issued. The factual position regarding recovery is being ascertained.

Payment of Pension to Assam Rifles

The rate of commission was calculated in 1991-92 at Rs. 14.11 per transaction with 10% annual escalation.

Costing study to calculate commission chargeable is being taken up for refixing the rate with relation to position obtaining at present.

Sale of Passport Application Forms

The Sale price of Rs. 3/- per form is to be retained by the Department. In view of the free availability of these forms the cost incurred by the Department is not covered by the sale price since there are no economies of scale. Hence the matter regarding reviewing this agency function has been taken up with the Ministry of External Affairs.

As regards agency functions relating to Savings Bank and Savings Schemes the Department is already vigorously pursuing the matter with the Ministry of Finance.

[Ministry of Communication, Department of Posts File No. 20-12/96-PO Dated the 5 June, 1997].

Recommendation

40. The Committee are extremely unhappy to find that as many as 4565 audit objections involving an amount of Rs. 33.02 crores were pending settlement in DoP at the end of May, 1995. Distressingly, some of these outstanding audit observations related to the period commencing from 1976-77 and could not be cleared even after a lapse of nearly 20 years. What is still more amazing is the fact that an amount of Rs. 25.50 crores i.e., 77.2 per cent of the total sum involved in audit objections was pending settlement on account of non-receipt of vouchers alone. The Committee view this situation with grave concern and feel convinced that DoP had displayed casual and dilatory attitude in settling the audit objections raised from time to time. The Committee therefore, recommend that urgent and effective steps under a time bound programme should be taken to expeditiously reduce the number of outstanding audit objections particularly those pending for over two years. They also desire the Finance Wing of DoP to introduce a system of obtaining a quarterly statement from their circles showing the progress made by them in disposal of pending audit observations and to ensure that these are not again accumulated in future. The Committee would also like to be apprised of the specific improvements made in this direction.

[Sl. No. PAC No. 1608 Appendix V—Para No. 40 of Report of PAC (11th Lok Sabha)]

Action Taken

Instructions have been issued for taking suitable steps in the matter (copy enclosed). Quarterly report on the progress made towards clearance

of outstanding objections has also been introduced. The improvement made in this direction will be communicated in due course.

[Ministry of Communications/Department of Posts O.M. No. PA/Book-I/AA/17-1/A.T./96-97, Dated 11.6.97].

No. PA/Book-I/AA/17-I/AT/96-97
GOVERNMENT OF INDIA
MINISTRY OF COMMUNICATIONS
DEPARTMENT OF POSTS
POSTAL ACCOUNTS WING
DAK BHAWAN : SANSAD MARG
NEW DELHI-110001.

Dated: 11-6-97

To

All Heads of Postal Circles.

Sub. Outstanding Audit Objections

The Public Accounts Committee (11th Lok Sabha) has adversely commented upon delay in the settlement of audit observations. It has been pointed out by the Committee that as many as 4565 Audit Objections involving Rs. 33.02 crores are pending at the end of May 1995. Some of these outstanding Audit Observations related to the period commencing from 1976-77. The Committee has expressed deep concern over the state of affairs. An extract of para No. 40 of Public Accounts Committee (11th Lok Sabha) is appended below.

> "It is therefore recommended that urgent and effective steps under time bound programme may please be taken to expeditiously reduce the number of outstanding Audit Objections. All the relevant information/documents may be arranged to be made available to circle Postal Accounts Offices for early clearance of outstanding items. Necessary instructions may also be issued to the field units for immediate compliance of Audit Observations. Most of the paras refer to minor irregularities "viz" (i) Wanting establishment sanctions (ii) Sanction copies not received (iii) Sanction estimates are wanting. These can be settled through personal discussions with the local Audit Offices by the respective DAP/DDAPs concerned with initial replies. All out efforts may be made to settle the objections outstanding as on 31/5/95 on priority and progress informed for appraising Public Accounts Committee."

Further quarterly report in the format appended below, on the progress made towards clearance of outstanding items, may be sent to the undersigned by 25th of the month following the quarter ending. The report for the first quarter of 1997-98 should reach this office by 25th July positively.

"FORMAT"

Quarterly report on clearance of outstanding Audit observations for the quarter ending.....

1	2	3	4	5
Outstanding at the end of 3/97	Addition during 4/97 to 6/97	Total	Clearance during 4/97 to 6/97	Closing Balance at the end of 6/97
No. Amount	No. Amount	No. Amount	No. Amount	No. Amount

Joint Secretary & Financial Advisor

Copy to:—

All Directors/Deputy Director of Accounts (Postal)

The quarterly report in the format indicated above must be submitted by due date. It may also be ensured that the first quarterly report is submitted by 25th July positively. Sincere efforts may be made to obtain wanting information/documents from the concerned units and settle the outstanding items early.

Joint Secretary & Financial Advisor

Recommendation

The Committee are equally perturbed to find that Department of Posts failed to reply to the Audit in time in respect of four paragraphs included in the relevant Report of Comptroller and Auditor General of India for the year ended 31st March, 1995. During evidence, the representative of Department of Posts informed the Committee that replies were delayed because they had to collect data from their field units. The Committee are not inclined to accept this plea of the Department in view of the fact that there are atleast three occasions prior to receipt of draft audit para whereby the Department get sufficient opportunity to examine and respond to audit objection raised therein. *What has disturbed the Committee more is the silence maintained by Department of Posts in regard to the action taken against the officials found lacking in timely submission of replies to the Audit in the instant cases. While strongly disapproving this attitude of Department of Posts, the Committee would like to be apprised of the action taken or proposed to be taken against officials found responsible for lapses in this regard.* The Committee also recommend that Department of Posts should streamline their existing procedure with a view to ensuring that prompt and timely replies are invariably furnished in all cases to the audit authorities within the prescribed time frame. They would also like the Financial Adviser in Department of Posts to be held personally accountable for any similar lapse noticed in future.

[Sl. No. 1608 Para 44 of 11th Report o Public Accounts Committee (11th Lok Sabha)]

Action Taken

On receipt of Comptroller and Auditor General Report in the Department extract of para is supplied to the branch concerned for preparation of Action Taken Note. In some cases where recovery of loss/over paid amount is involved, information/data are collected from field Units/Unit and based on the information Final ATN is prepared and submitted to Audit within the prescribed time frame.

During the year 1996-97, 4 paras included in Chapter 3 and Chapter 4 of the relevant report of the C&AG relating to the year ending 31st March 1995 remained unreplied within the prescribed time limit of 3 months from the presentation of the C & AG Report in the Parliament. Report was presented to Parliament on 17.7.96 and reply was due by 16.10.96. Report for pendency and action taken on each pending para is given below.

(i) Para 3—Working of Postal Life Insurance—The Final ATN was submitted to Audit on 29.11.96. The actual delay in this case is by 1.5 months [15 days processing time 25 days scrutiny and forwarding to DG Audit (P&T)]. Stringent action against staff has not been found feasible in this case. The responsible officials have, however, been cautioned.

(ii) Para 4.1—Irregular Issue of National Saving Certificate.

The ATN on this para was submitted to Audit on 10.6.97. The actual delay is about eight months. The Divisional Supdts. who responded with visible delay in the matter have been identified and suitably warned and appropriately cautioned to guard against the recurrence of such lapses in future.

(iii) Para 4.2—Infructuous payment of rent.

The ATN was submitted to Audit on 05.6.97. Actual delay is about 7.5 months. The Chief Postmaster General, Maharashtra Circle, has informed that one dealing assistant in the Office of the SSRM—Airmail Sorting Division, Mumbai has been found responsible for delay. He has been severely warned.

(iv) Para 4.3—Avoidable expenditure on construction of Post Office Building.

The Chief Postmaster General, Assam Circle has informed that explanations of three officials were called for. After giving due considerations to their explanations, the competent authorities in the Circle office warned them and asked them to be careful in future.

Instructions streamlining the procedure have been issued to all concerned. Periodic monitoring meetings are also being held to ensure timely reply to audit.

[Ministry of Communications, Department of Posts O.M. No. 13-1/97 BGT (PA) 3829 dated 24-12-97]

CHAPTER V

RECOMMENDATIONS AND OBSERVATIONS IN RESPECT OF WHICH GOVERNMENT HAVE FURNISHED INTERIM REPLIES

— N I L —

NEW DELHI;
22 *December*, 1998
1 *Pausa*, 1920 *(Saka)*

MANORANJAN BHAKTA,
Chairman,
Public Accounts Committee.

APPENDIX

STATEMENT OF RECOMMENDATIONS

Sl. No.	Para No.	Ministry concerned	Recommendations
1.	6	Communications	The Committee are concerned to note that nothing concrete has been done by the Government to revise the rates of remuneration being paid for agency functions performed by DoP on behalf of certain Ministries/ Departments. Surprisingly, the action taken reply furnished by the DoP does not reveal whether their certain proposals for enhancement of remuneration for agency functions have been accepted or are acceptable to Government particularly Ministry of Finance and if not, what action the Department now propose to take to meet their cost of operation of agency functions. What has caused deep concern to the Committee is the fact that the various Ministries of Government of India are not taking the matter seriously and displaying dilatory attitude in responding to the proposals of DoP for enhaneement of agency charges in keeping with rising cost of operations. The Committee, therefore, strongly feel that the DoP should take up the matter with Government in right earnest to ensure that the Ministries/ Departments availing agency services expeditiously respond to the requirements of DoP in a positive manner. The Committee would like to be apprised of the concrete steps taken in this regard within three months from the presentation of this Report.
2.	9	Communications	While taking note of the fact that DoP have issued instructions to all heads of Postal Circles to expeditiously reduce the number of outstanding audit objections, the Committee regret to find that the action taken reply furnished by the Department is completely silent about the pre-emptive steps taken or

Sl. No.	Para No.	Ministry concerned	Recommendations
			proposed to be taken by the Department to ensure that audit objections are not again accumulated in future. Moreover, in the absence of any statistics on the number of audit objections actually settled as a result of measures taken by DoP, the Committee are apprehensive whether mere issuance of instructions would yield the desired results. The Committee, therefore strongly feel that besides obtaining a quarterly statement showing the extent of pendency of audit objections from each Postal Circle the DoP should also take concrete steps to avoid any accumulation on this count in future.
3.	12	Communi-cations	While acknowledging the action taken by DoP to warn the officials concerned for delay in reply to the Audit in respect of the four cases included in the C&AG's report for the year ended 31 March 1995, the Committee are distressed to note that the action taken reply furnished by DoP is mysteriously silent about the action taken by them on the specific recommendation of the Committee to make the Financial Adviser in DoP personally accountable for any similar lapse in future. While deprecating the manner in which the Department have attempted to evade any accountability in the matter, the Committee strongly reiterate their earlier recommendation and desire that the Financial Adviser in DoP should invariably be held personally accountable for any lapse noticed in responding to draft audit paragraphs forwarded to the Department by the Audit.

PART II

MINUTES OF THE NINETEENTH SITTING OF THE PUBLIC ACCOUNTS COMMITTEE (1998-99) HELD ON 21 DECEMBER, 1998

The Committee sat from 1500 hrs. to 1530 hrs. on 21 December, 1998 in Room No. 51 Parliament House, New Delhi.

PRESENT

Shri Manoranjan Bhakta—*Chairman*

MEMBERS

Lok Sabha

2. Shri Ram Tahal Chaudhary
3. Shri C. Gopal
4. Shri Vijay Kumar Khandelwal
5. Prof. Ajit Kumar Mehta
6. Shri Prabhat Kumar Samantaray

Rajya Sabha

7. Shri Md. Salim
8. Shri K.R. Malkani
9. Shri Satishchandra Sitaram Pradhan
10. Shri Vayalar Ravi
11. Shri K. Rahman Khan

SECRETARIAT

1. Shri P.D.T. Achary — *Joint Secretary*
2. Shri Devender Singh — *Deputy Secretary*
3. Shri Rajeev Sharma — *Under Secretary*

REPRESENTATIVES OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

1. Shri A. Mukhopadhyay — *Pr. Director (AB)*
2. Shri P.K. Kataria — *Director (P&T)*

2. The Committee took up for consideration the following draft Reports:

(i) Action taken on 17th Report of PAC (11th Lok Sabha) on Heavy loss arising from joint venture operation;

(ii) Action taken on 11th Report of PAC (11th Lok Sabha) on Union Government Appropriation Accounts (1994-95) Postal Services.

3. The Committee adopted the above mentioned draft Reports without any modification/amendment.

4. The Committee authorised the Chairman to finalise these draft Reports in the light of verbal and consequential changes arising out of factul verification by Audit and present the same to Parliament.

The Committee then adjourned.

LIST OF AUTHORISED AGENTS FOR THE SALE OF LOK SABHA SECRETARIAT PUBLICATION

Sl. No.	Name of Agent

ANDHRA PRADESH

1. M/s. Vijay Book Agency, 11-1-477, Mylargadda, Secunderabad-500 306.

BIHAR

2. M/s. Crown Book Depot, Upper Bazar, Ranchi (Bihar).

GUJARAT

3. The New Order Book Company, Ellis Bridge, Ahmedabad-380 006. (T.No. 79065)

MADHYA PRADESH

4. Modern Book House, Shiv Vilas Place, Indore City. (T.No. 35289)

MAHARASHTRA

5. M/s. Sunderdas Gian Chand, 601, Girgaum Road, Near Princes Street, Bombay-400 002.
6. The International Book Service, Deccan Gymkhana, Poona-4.
7. The Current Book House, Maruti Lane, Raghunath Dadaji Street, Bombay-400 001.
8. M/s. Usha Book Depot, Law Book Seller and Publishers' Agents Govt. Publications, 585, Chira Bazar, Khan House, Bombay-400 002.
9. M & J Services, Publishers, Representative Accounts & Law Book Sellers, Mohan Kunj, Ground Floor, 68, Jyotiba Fuele road Nalgaum, Dadar, Bombay-400 014.
10. Subscribers Subscription Service India, 21, Raghunath Dadaji Street, 2nd Floor, Bombay-400 001.

TAMIL NADU

11. M/s. M.M. subscription Agencies, 14th Murali Street, (1st Floor), Mahalingapuram, Nungambakkam, Madras-600 034. (T. No. 476558)

UTTAR PRADESH

12. Law Publishers, Sardar Patel Marg, P.B. No. 77, Allahabad, U.P.

WEST BENGAL

13. M/s. Madimala, Buys & Sells, 123, Bow, Bazar Street, Calcutta-1.

DELHI

14. M/s. Jain Book Agency, C-9, Connaught Place, New Delhi, (T.No. 351663 & 350806)
15. M/s. J.M. Jaina & Brothers, P. Box 1020, Mori Gate, Delhi-110006. (T.No. 2915064 & 230936)
16. M/s. Oxford Book & Stationery Co., Scindia House, Connaught Place, New Delhi-110 001. (T.No. 3315308 & 45896)
17. M/s. Bookwell, 2/72, Sant Nirankari Colony, Kingsway Camp, Delhi-110 009. (T.No. 7112309).
18. M/s. Rajendra Book Agency, IV-DR59, Lajpat Nagar, Old Dobule Storey, New Delhi-110 024. (T.No. 6412362 & 6412131).
19. M/s. Ashok Book Agency, BH-82, Poorvi Shalimar Bagh, Delhi-110 033.
20. M/s. Venus Enterprises, B-2/85, Phase-II, Ashok Vihar, Delhi.
21. M/s. Central News Agency Pvt. Ltd., 23/90, Connaught Circus, New Delhi-110 001. (T.No. 344448, 322705, 344478 & 344508).
22. M/s. Amrit Book Co., N-21, Connaught Circus, New Delhi.
23. M/s. Books India Corporation Publishers, Importers & Exporters, L-27, Shastri Nagar, Delhi-110 052. (T.No. 269631 & 714465).
24. M/s. Sangam Book Depot, 4378/4B, Murari LaL Street, Ansari Road, Darya Ganj, New Delhi-110 002.